

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2566 - SB 2630

January 27, 2012

SUMMARY OF BILL: Changes, from September 30 to July 31, the date by which children must reach age four to enroll in preschool and age five to enroll in kindergarten beginning in the 2012-13 school year. Authorizes a child who is four years of age to enter kindergarten upon the request of the parent or guardian if the director of schools deems, following evaluation and testing, that the child to be sufficiently emotionally and academically secure.

ESTIMATED FISCAL IMPACT:

Net Decrease State Expenditures - \$48,077,400/One-Time/FY13-14

Increase Local Expenditures - \$5,400/FY12-13 and Subsequent Years with the exception of FY13-14

Net Decrease Local Expenditures - \$25,508,200/One-Time/FY13-14

Assumptions:

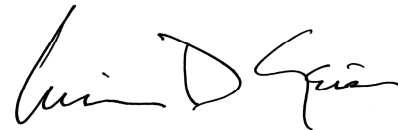
- Statutory class limits will remain in effect.
- In the 2012-13 school year, there will be a one-time reduction in the number of children enrolling in kindergarten whose birthdays fall in August or September.
- According to the Department of Education (DOE), 12,870 students will enter kindergarten a year later than under current law.
- The BEP will fund \$6,037 per student. Of this sum, the state will fund \$3,944, and the local government will fund \$2,093.
- Because the BEP generates funding based on prior year enrollment, the one-time reduction will not be realized until FY13-14.
- The exact number of students whose parents or guardian will request early entry into kindergarten and who will be found emotionally and academically mature is unknown. This number will depend upon the number of requests and the testing and evaluation conducted by the LEA.

HB 2566 - SB 2630

- The Department of Education estimates that each early entry screening will cost \$8 per child. If five students per LEA request and receive early entry into kindergarten beginning in FY12-13 and continuing in subsequent years, the annual number of students entering early will be 680 (5 x 136 LEAs). The annual increase in local expenditures will be \$5,440 (\$8 x 680).
- A one-time increase in BEP expenditures will result in FY13-14 due to more students entering kindergarten earlier. After the first year, empty slots created in subsequent years, based on prior year early entries, will be filled by new students entering early; however, there will not be an increase in BEP expenditures for these students since it is assumed here that the ADM slots will be replaced on a one-to-one basis.
- The net decrease in the number of students entering kindergarten a year later will be 12,190 (12,870 – 680).
- The one-time decrease in state expenditures in FY13-14 will be \$48,077,360 (12,190 students x \$3,944).
- The one-time net decrease in local expenditures in FY13-14 will be \$25,508,230 [(12,190 students x \$2,093) – \$5,440].
- The increase in local expenditures for student testing in FY12-13 and subsequent years will be \$5,440 with the exception of FY13-14 when the one-time BEP reduction in state and local expenditures will be effective.
- Since the overall number of slots available will not change, there will be no impact on pre-kindergarten funding. Pre-kindergarten is not funded through the BEP.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/msg